

AMENDED IN SENATE JULY 2, 2014
AMENDED IN ASSEMBLY MARCH 19, 2014
CALIFORNIA LEGISLATURE—2013–14 REGULAR SESSION

ASSEMBLY BILL

No. 1580

Introduced by Assembly Member Yamada

January 30, 2014

An act to amend ~~Section 1047~~ *Sections 1047, 1048, and 1049* of the Military and Veterans Code, relating to veterans, *and making an appropriation therefor.*

LEGISLATIVE COUNSEL'S DIGEST

AB 1580, as amended, Yamada. Veterans' homes: Morale, Welfare, and Recreation Fund.

Existing law provides for the establishment of veterans' homes and requires the administrator of a veterans' home to maintain a Morale, Welfare, and Recreation Fund to be used, subject to the approval of the Secretary of Veterans Affairs, to provide certain operations and activities relating to the general welfare of the veterans.

These funds include proceeds from the California Veterans Homes Fund, operations of the Veterans' Home Exchange, specified revenue derived from the issuance of prisoner-of-war special license plates, funds derived from golf course green fees and range ball fees, donations, interest earned on invested funds, funds derived from the estates of deceased members, and any other moneys or property described under existing law, including, but not limited to, moneys and properties received by the home from estate assets located outside the home.

This bill would ~~additionally require, for proposed expenditures of Morale, Welfare, and Recreation Fund moneys of more than \$5,000,~~

~~proposed contracts of more than \$25,000 per year, or proposed contracts of more than \$100,000, the administrator to submit the proposed expenditure or contract to the secretary for approval. This bill would require legal counsel of the Department of Veterans Affairs, or another similarly qualified reviewer, to review the proposed expenditure or contract, and to issue an advisory opinion, as described. This bill would also require the Department of Veterans Affairs to provide written notifications containing specified information prior to the execution of a proposed expenditure or contract, and upon the execution of the expenditure or contract, to the Veterans' Home Allied Council or to another body representing the residents of the affected home or homes. This bill would provide the Veterans' Home Allied Council or other body representing residents of the affected home or homes the opportunity to respond to the notification provided prior to the execution of a proposed expenditure or contract. The bill would require the secretary to consider the advisory opinion and any other relevant information when determining whether an expenditure or contract will be approved.~~ *create the Veterans' Morale, Welfare, and Recreation Fund in the State Treasury, to replace the existing individual funds. The bill would require all moneys in each existing veterans' home fund to be deposited into the Veterans' Morale, Welfare, and Recreation Fund. The bill would continuously appropriate these moneys to the Department of Veterans Affairs to provide for the general welfare of the veterans living in state veterans' homes. Moneys in the fund would be exempt from specified provisions relating to the determination of administrative costs owed by each state agency to the state. The bill would require the department to develop standardized expenditure procedures for the fund, as specified, and to provide residents with a quarterly report on the expenditures made from the fund on behalf of each home. The bill also would make technical and conforming changes.*

Vote: majority. Appropriation: ~~no~~-yes. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. Section 1047 of the Military and Veterans Code
- 2 is amended to read:
- 3 1047. (a) (1) ~~The administrator shall maintain a Veterans'~~
- 4 ~~Morale, Welfare, and Recreation Fund that shall be used, at the~~
- 5 ~~discretion of the administrator and subject to the approval of the~~

1 ~~secretary, to provide for the general welfare of the veterans,~~
2 ~~including, but is hereby created in the State Treasury. All moneys~~
3 ~~in each Morale, Welfare, and Recreation Fund maintained by the~~
4 ~~eight California state veterans' homes shall be deposited into the~~
5 ~~Veterans' Morale, Welfare, and Recreation Fund and the individual~~
6 ~~home funds shall be abolished. All references to the "Morale,~~
7 ~~Welfare, and Recreation Fund" shall be deemed to refer to the~~
8 ~~fund created by this subdivision.~~

9 (2) Notwithstanding Section 13340 of the Government Code,
10 all moneys deposited into the Veterans' Morale, Welfare, and
11 Recreation Fund are continuously appropriated to the department
12 to provide for the general welfare of the veterans living in the
13 veterans' home of California.

14 (3) Moneys deposited in the fund are exempt from the
15 requirements of Article 2 (commencing with Section 11270) of
16 Chapter 3 of Part 1 of Division 3 of Title 2 of the Government
17 Code.

18 (4) (A) Moneys in the Veterans' Morale, Welfare, and
19 Recreation Fund may be distributed to the homes at the discretion,
20 and subject to the approval, of the secretary, to provide for the
21 general welfare of the veterans living in state veterans' homes.

22 (B) For purposes of this section, "general welfare" includes,
23 but is not limited to, providing for operations of ~~the Veterans'~~
24 ~~Home Exchange~~, a canteen, hobby shop, motion picture theater,
25 library, band, and any other function that is operated for the morale,
26 welfare, and recreation of the veterans, and to pay for newspapers,
27 chapel expenses, welfare and entertainment expenses, sport
28 activities, celebrations, and any other activity that is for the morale,
29 welfare, and recreation of the veterans.

30 (2)

31 (5) For proposed expenditures of Veterans' Morale, Welfare,
32 and Recreation Fund moneys of more than five thousand dollars
33 (\$5,000), proposed contracts of more than twenty-five thousand
34 dollars (\$25,000) per year, or proposed contracts of more than one
35 hundred thousand dollars (\$100,000), all of the following shall
36 apply: Recreation Fund moneys, the department shall maintain
37 guidelines whereby the administrator for each home, in
38 consultation with the Veterans' Home Allied Council or another
39 body representing the residents of the home, shall submit proposed
40 expenditures to the secretary for approval. Moneys from the fund

1 *shall be allocated proportionally to each home, based upon the*
2 *census of the homes on July 1 of each year. Allocations from the*
3 *fund may be augmented by the secretary to meet specified identified*
4 *needs.*

5 ~~(A) The administrator shall submit the proposed expenditure or~~
6 ~~contract to the secretary for approval. The secretary shall consider~~
7 ~~the advisory opinion required in subparagraph (B) and any other~~
8 ~~relevant information when determining whether an expenditure or~~
9 ~~contract will be approved.~~

10 ~~(B) The proposed expenditure or contract shall be reviewed by~~
11 ~~legal counsel of the department, or another similarly qualified~~
12 ~~reviewer designated by the secretary. The reviewer shall issue an~~
13 ~~advisory opinion to the secretary identifying those laws and~~
14 ~~regulations with which the proposed expenditure or contract or~~
15 ~~execution of the contract must comply, and any other relevant legal~~
16 ~~issues that may arise with respect to compliance with those laws~~
17 ~~and regulations.~~

18 ~~(C) Prior to the execution of a proposed expenditure or contract,~~
19 ~~the department shall provide written notification in the form of a~~
20 ~~draft expenditure proposal to the Veterans' Home Allied Council~~
21 ~~or to another body representing the residents of the affected home~~
22 ~~or homes. The draft expenditure proposal shall include, but is not~~
23 ~~limited to, a description of the intent of the project that is the~~
24 ~~subject of the proposed expenditure or contract, estimated costs,~~
25 ~~and an approximate timeline of execution. The Veterans' Home~~
26 ~~Allied Council or other body representing residents of the affected~~
27 ~~home or homes shall have the opportunity to respond to the draft~~
28 ~~expenditure proposal and the department shall consider any~~
29 ~~responses provided.~~

30 ~~(D) Upon the execution of the expenditure or contract, the~~
31 ~~department shall provide written notification to the Veterans' Home~~
32 ~~Allied Council or another body representing residents of the~~
33 ~~affected home or homes. The notification shall identify the purpose~~
34 ~~of the project, costs, and who is the recipient or recipients of the~~
35 ~~moneys distributed from the Morale, Welfare, and Recreation~~
36 ~~Fund.~~

37 *(6) The department shall develop standardized expenditure*
38 *procedures for the Veterans' Morale, Welfare, and Recreation*
39 *Fund in all homes, which shall be in accordance with standard*
40 *state contract and procurement practices and rules. The*

1 *department shall provide the residents, through the administrator*
 2 *of each home, with a quarterly report on the expenditures made*
 3 *from the fund on behalf of each home.*

4 (b) Money in the Veterans' Morale, Welfare, and Recreation
 5 Fund may not be expended for any of the following:

6 (1) Medical treatments or any other related treatment.

7 (2) Maintenance of the physical plant of the home, *except for*
 8 *capital improvements that directly enhance the quality of life of*
 9 *the veterans living in the home.*

10 (3) Any function, operation, or activity that is not directly related
 11 to the morale, welfare, or recreation of the veterans.

12 (c) Appropriations from the General Fund for the purposes
 13 described in paragraph (3) of subdivision (b) may not be reduced
 14 for the purpose of, or to have the effect of, requiring increased
 15 expenditures from the Veterans' Morale, Welfare, and Recreation
 16 Fund for those described purposes.

17 (d) ~~The administrator~~ *department* shall prepare an itemized
 18 report that is organized by category and accounts for all
 19 expenditures made from the Veterans' Morale, Welfare, and
 20 Recreation Fund during the previous fiscal year and shall submit
 21 the report on or before August 20 of each year to all of the
 22 following:

23 (1) The secretary.

24 (2) The fiscal committees of the Assembly and the Senate.

25 (3) The committees of the Assembly and the Senate that have
 26 subject matter jurisdiction over veterans' affairs.

27 (4) The Veterans' Home Allied Council.

28 (e) ~~The Morale, Welfare, and Recreation Fund for the Veterans'~~
 29 ~~Home of California, Yountville,~~ *department* shall maintain a
 30 reserve *in the Veterans' Morale, Welfare, and Recreation Fund*
 31 *in the amount of two million dollars (\$2,000,000).* ~~The reserve~~
 32 ~~shall be invested in securities, upon the advice of the Morale,~~
 33 ~~Welfare, and Recreation Fund Advisory Committee and with the~~
 34 ~~approval of the administrator and the secretary.~~

35 (f) The administrator may enter into an agreement with an allied
 36 council that authorizes that council to operate facilities and
 37 activities authorized pursuant to this section. The agreement shall
 38 be in the form and manner as specified by the administrator.

39 *SEC. 2. Section 1048 of the Military and Veterans Code is*
 40 *amended to read:*

1 1048. (a) The Morale, Welfare, and Recreation Fund shall
2 include proceeds from the California Veterans Homes Fund,
3 operations of the ~~Veterans' Home Exchange~~, a canteen, revenue
4 derived from the issuance of prisoner-of-war special license plates
5 pursuant to Section 5101.5 of the Vehicle Code, all funds derived
6 from golf course green fees and range ball fees, all donations to
7 the fund, interest earned on invested funds, funds derived from the
8 estates of deceased members, and any other moneys or property
9 described in this chapter, including, but not limited to, moneys
10 and properties received by the home from estate assets located
11 outside the home, regardless of amount.

12 (b) The administrator shall prepare an itemized report that is
13 organized by category and accounts for all funds deposited into
14 the Morale, Welfare, and Recreation Fund and transmitted to the
15 Controller under Section 1047 during the previous fiscal year and
16 shall submit the report on or before August 20 of each year to all
17 of the following:

- 18 (1) The secretary.
19 (2) The fiscal committees of the Assembly and the Senate.
20 (3) The committees of the Assembly and the Senate that have
21 subject matter jurisdiction over veterans affairs.
22 (4) The Veterans' Home Allied Council.

23 SEC. 3. Section 1049 of the Military and Veterans Code is
24 amended to read:

25 1049. Moneys in the Morale, Welfare, and Recreation Fund
26 maintained under subdivision (a) of Section 1047 may be used to
27 establish or operate a ~~Veterans' Home Exchange~~ canteen that may
28 conduct any lawful endeavor which, in the judgment of the
29 administrator, will benefit the veterans, except as prohibited under
30 subdivision (b) of Section 1047. The administrator may establish
31 the ~~Veterans' Home Exchange~~ canteen to operate at a profit.